

Introduced by Senator O'Connell

February 23, 2001

An act to add Section 236.5 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 882, as introduced, O'Connell. Property taxation: welfare exemption.

Existing property tax law establishes, pursuant to the authorization of the California Constitution, a welfare exemption under which property is exempt from taxation if, among other things, that property is used exclusively for religious, hospital, scientific, or charitable purposes and is owned and operated by an entity, as provided, that is itself organized and operated for those purposes.

This bill would apply the welfare exemption to any otherwise taxable interest in real property that is leased for a term of 35 years or more by a charitable foundation, exempt from federal taxation, if, among other things, the real property is used exclusively by the lessee for operation as a public park and the lessee foundation is, under the terms of the lease, to obtain fee ownership of the property at the end of the lease term.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.



Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 236.5 is added to the Revenue and
2 Taxation Code, to read:
3 236.5. Any otherwise taxable interest in real property, leased
4 for an original term of 35 years or more and used exclusively by
5 the lessee for the operation of a public park, is, during the term of
6 the lease, within the exemption provided for in subdivision (b) of
7 Section 4 and Section 5 of Article XIII of the California
8 Constitution, if all of the following conditions are met:
9 (a) The lessee is a charitable foundation that has received a
10 determination that it is a charitable organization as described in
11 Section 501(c)(3) of the Internal Revenue Code.
12 (b) The operation of the public park by the lessee is within the
13 tax exempt purposes of the lessee.
14 (c) The lessee acquired the leasehold in the property by means
15 of a charitable donation.
16 (d) Under the terms of the lease, the lessee will acquire the
17 entire ownership interest in the property at the end of the lease
18 term.
19 SEC. 2. Notwithstanding Section 2229 of the Revenue and
20 Taxation Code, no appropriation is made by this act and the state
21 shall not reimburse any local agency for any property tax revenues
22 lost by it pursuant to this act.
23 SEC. 3. This act provides for a tax levy within the meaning of
24 Article IV of the Constitution and shall go into immediate effect.

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